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Equity Market Consequences of the Social Media Revolution – A Pitching Research Letter

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Abstract (60-80 words)

This pitching research letter provides a reflection on using Faff's (2016) pitching template to design and present a genuine research pitch. It speaks to the journey of the pitch, a series of iterative processes from inception, the initial discovery of the research idea; to conclusion, delivering the pitch to a learned audience and receiving valuable feedback to develop and advance it.

Keywords: Pitching research, social media, equity market, regulation

Acknowledgements

This pitch was presented at the Finance Research Network Conference in November 2016. I would like to thank the participants at this session for their suggestions in progressing this research.

1. Introduction

This pitching research letter (PRL) provides a reflection on using Faff's (2016) pitching template, originating from and building on Faff (2015), to design and present a genuine research pitch. It speaks to the journey of a pitch, which began as a curiosity to anecdotal instances (Taylor, 2016) that, through a series of iterative processes, developed into a pitch which was presented to an academic audience at a national conference. This presentation, although challenging, provided valuable feedback to progress this research towards publication, which is ultimately the purpose of a research pitch.

As an early career academic; a full-time Level B lecturer, one year post PhD with two peer reviewed publications (McCredie et al., 2014; McCredie et al. 2016), I have limited experience in developing and pitching research ideas. The structure and cues provided by the Faff (2016) template have therefore been an invaluable resource, which have formalised the process I employ to develop research pitches and grant proposals such as this.

To explain this journey further, this letter will now proceed as follows. Section 2 will provide a commentary on using the pitch template, Section 3 a personal reflection on the pitch exercise and Section 4 will conclude.

2. Brief Commentary on using the Pitch Template

Ideally, before any activity begins, a research proposal should be assessed by peers via a pitch. Through this peer-review process, initial ideas can be discussed and feedback sought to ultimately strengthen the purpose and validity of the research. The Faff (2016) pitching template aids this process by guiding researchers through a series of prescribed questions and provocative cues, from determining the basic research question, to depicting the novelty of the research idea at the intersection of three constructs (X) via the Mickey Mouse diagram (Figure 1).

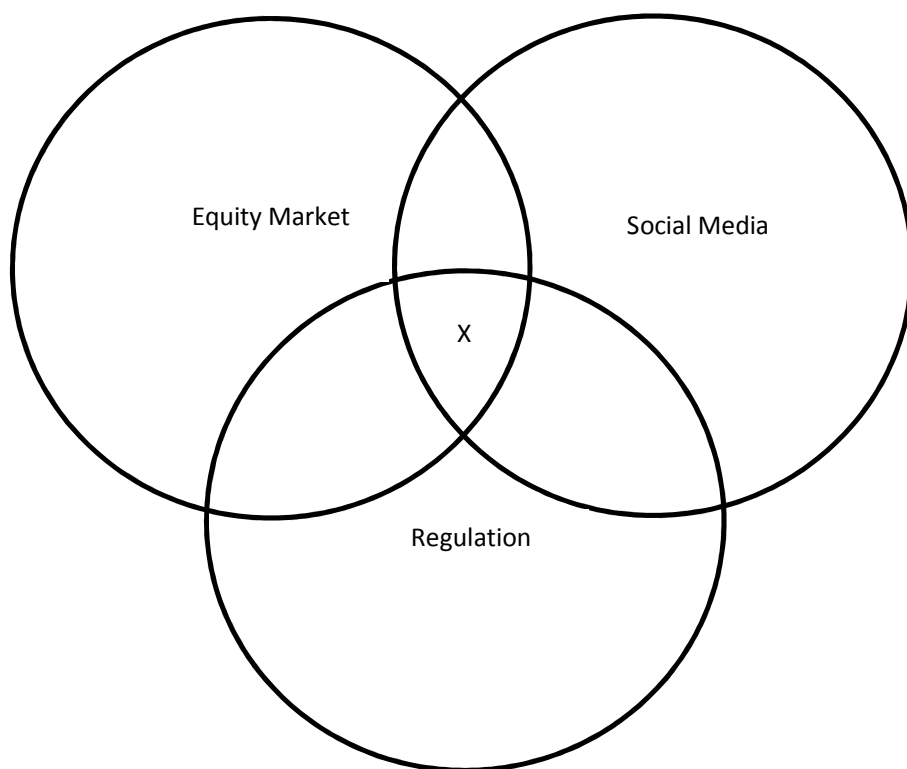


Figure 1. Mickey Mouse diagram characterizing the novelty of this research pitch

My experience from pitching this research was a challenging, but valuable one. The systematic presentation of the pitch, as per the Faff (2016) template, enabled the audience to discern the relevance and importance of the topic, with the IDIOT (Idea, data and tools) sections establishing its viability. This triggered a vigorous discussion, which at times was quite confrontational, but prompted multiple suggestions on how to develop the pitch into a robust research proposal. These were noted and incorporated in the pitching template presented in Table 1.

<INSERT Table 1 – Pitch Template HERE>

In addition, the presentation provided an impetus to initiate several national and international connections based on follow-up discussions. These connections are expected to result in collaborative research projects in the future.

3. Personal reflection on the pitch exercise

The process of developing a research proposal is a confronting and thought provoking one. Whilst it is often easy to develop and rationalise research questions and designs in our minds, when forced to communicate and justify them to others via a pitch, it is a different story. In particular, the questions of 'so what?' and 'who cares?', which serve to motivate the research, are ambiguous and difficult to answer. The beauty of the pitching template, in this instance, is its ability to address these issues with a prescribed structure and provocative cues that guide inexperienced researchers through the pitching process.

Personally, I found the cues at each of the eleven stages of the pitch (A-K) to be the most valuable resource of the pitching template. The series of probing questions, prompts and instructions challenged me, forced me to consider different issues and methods, and instructed me on how to focus and communicate my thoughts effectively. Throughout the process, especially after pitching the research proposal and receiving feedback, I revisited these cues and updated the content to ensure I had addressed the core aspects of my research pitch and mitigated any concerns.

As a result, the pitching template provided in Table 1 represents a clear and succinct version of my research proposal which explicates: the research question, the motivation, the design and the projects contribution.

4. Conclusion

This pitching research letter provides a reflection on using Faff's (2016) pitching template to design and present a genuine research pitch. The commentary on the approach adopted highlights the challenges and benefits of pitching research; whilst the reflection, lauds the prescribed structure and use of provocative cues to focus and instruct the development and content of the research pitch.

On a personal note, the simplicity of Faff's (2016) pitching template has enabled me to effectively communicate several research proposals throughout my short career; the most successful of which was for the purpose of securing an Accounting and Finance Association of Australia and New Zealand (AFAANZ) research grant. It is my intention to continue using the pitching template to explicate and justify my research; and to promote its use at internal research seminars, within the research higher degree and early career researcher communities, as a means of clarifying and expressing research ideas.

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Table 1: Pitch template

Pitcher's Name	Bronwyn McCredie	1501	Date Completed	25/11/16
Institution	Queensland University of Technology			
(A) Working Title	Equity market consequences of the social media revolution			
(B) Basic Research Question	How does social media posts and participants affect the Australian equity market?			
(C) Key paper(s)	Blankespoor, E, Miller, G.S. & White, H.D, 2014, The Role of Dissemination in Market Liquidity: Evidence from Firms' use of Twitter™, Accounting Review, vol. 89, pp. 79-112. Jiao, P, Veiga, A & Walther, A, 2016, "Social Media, News Media and the Stock Market", Working paper on SSRN, last viewed 24 November 2016, < https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2755933 >.			
(D) Motivation/Puzzle	Social media, since the advent of Facebook and Twitter, has revolutionized the way companies communicate, with an ability to avoid intermediaries and directly access a wide network of stakeholders (Blankespoor et al. 2014). Recent instances (Taylor, 2016), albeit anecdotal, report that this platform is being used to announce, disseminate and affect market sensitive information, thereby influencing market prices. Determining the nature and extent of this practice means examining the content and timing of social media posts, with particular reference to participant roles and market impact. This research is critical to both corporate regulators to determine the extent of this issue; and market participants to ascertain the economic implications.			
THREE				
(E) Idea?	<p>The disclosure of market sensitive information by Australian corporations is regulated by the Australian Securities Exchange (ASX) via Continuous Disclosure Listing Rules 3.1-3.1B and Guidance Note 8. These rules stipulate that all market sensitive information must initially be given directly to the Exchange to ensure it is quickly and broadly disseminated to all sections of the market. The issue with this policy is two-fold. Firstly, that the definition of what information is market sensitive is objective and often blurred by a question of materiality, permitting the dissemination of information through other channels such as social media; and secondly, that the ease of access to and the reach of social media ensures that all participant actions and comments, whether off the cuff or intentional, are scrutinised and publicised on an open forum. This information is also suggested to have a differential impact in the equity market when compared to traditional news media channels (Jiao et. al. 2016) and has led to an amendment of Guidance Note 8 (May 2013) which strongly encourages corporations to monitor social media posts and report any market sensitive information that arises to the ASX.</p> <p>Assessing the impact of these issues means determining:</p> <ol style="list-style-type: none"> 1. how social media posts affect the Australian equity market; 2. how social media participants affect the Australian equity market; and 3. a comparative analysis with traditional news media and regulatory channels. <p>The dependent variables in this research will be intraday returns, bid-ask spreads and the volume of trades for the constituents of the S&P/ASX200. The independent variables will be indicators of social (traditional) media use, proxied by the number and timing of posts (articles and official announcements). Moderating variables such as: the content (hype or distraction); the aggregate sentiment (positive or negative); and the authorship (corporate or other) of the posts (articles and official announcements) will also be added to determine their influence on these relationships.</p>			

(F) Data?	<p>This research will utilise Thomson Reuters Tick History data from SIRCA for intraday stock prices; SIRCA news for traditional news media and regulatory communications; and Social Studio for social media posts. All data sources are currently available from 2008 to 2015. Pilot studies of this research have confirmed the suitability of this data.</p> <p>The companies examined in this research will be the constituents of the S&P/ASX200 as these companies, being amongst the top 200 stocks by market capitalisation, will have active social media spaces.</p> <p>Australia is the setting of this research, which is designed to provide insight into extant regulation concerning company disclosure practices (Continuous Disclosure Listing Rules 3.1-3.1B; and Guidance Note 8).</p>
(G) Tools?	<p>An event study methodology will be employed to examine social and traditional media communications and market announcements of the S&P/ASX200 constituents. This methodology will allow for a comparative examination of the impact of social media, traditional media and official market announcements. Additional partitioning of the sample will be based upon the content (hype or distraction); the aggregate sentiment (positive or negative); and the authorship (corporate or other) of the posts (articles and official announcements) to determine their influence on these relationships.</p> <p>Analysis will be conducted using Eviews software, with qualitative software such as Leximancer used to analyse the content of posts. Both programs are currently available for use.</p>
TWO	
(H) What's New?	<p>This research will demonstrate how social media posts and participants affect the Australian equity market; potentially justifying the investment made by companies to engage in social media and illustrating to markets and regulators the efficacy of extant disclosure practices. This research will determine (1) how social media posts affect the Australian equity market, (2) how social media participants affect the Australian equity market and (3) how this impact differs from traditional news media and regulatory channels.</p>
(I) So What?	<p>Effective policy concerning the regulation of company disclosure practices is essential to ensuring fairness and equity in the financial system. Consequently, the determination of how social media posts and its participants affect the Australian equity market is of great import to corporate regulators and market participants.</p> <p>The results of this research could be used by corporate regulators to inform policy development; and by market participants to understand the effect of social media posts and participants in the Australian equity market.</p>
ONE	
(J) Contribution?	<p>By understanding how social media posts and participants affect the Australian equity market, the efficacy of extant regulation concerning company disclosure practices, the role of participants and the differential impact of social media can be determined.</p>
(K) Other Considerations	<p>Collaboration is not necessary initially, but would be of benefit to progress this research towards publication in a quality journal. Further research ideas and direction could also result from such a collaboration.</p> <p>The topical nature of this research means that it is exposed to a high level of competitor risk.</p> <p>This research will only involve publicly available data, therefore no ethical clearances are required.</p> <p>The target journal for this research is the Accounting Review (publisher of Blankespoor et al. 2014).</p>

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